

MONTGOMERY AND PRINCE GEORGE'S

## Verizon to Offer Television Service

Approval Leads to New Competition

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The Montgomery and Prince George's county councils approved agreements yesterday allowing Verizon Communications Inc. to begin selling its fiber-optic television service, ushering in competition and the possibility of lower prices for thousands of cable viewers in suburban Maryland.

The company said it plans to begin offering its FiOS television service by the end of this month in parts of Montgomery and to portions of Prince George's in January.

William R. Roberts, president of Verizon Maryland, said the unanimous council decisions mean customers in both areas will have "the benefits of choice." He promised to deliver top-notch, reliable service at a lower cost.

Analysts cautioned that increased competition might not lead to falling prices. "Enthusiasm needs to be cabined until we see whether or not Verizon is actually going to compete on price and aggressively compete for all consumers, not just the most affluent," said Jeanine Kenney, senior policy analyst at the Consumers Union. She said Verizon recently announced price increases for its premier television package.

Officials with Comcast, suburban Maryland's dominant cable television provider, said the company is unimpressed. "We're already operating in a competitive environment. We're confident in our ability to compete successfully with the new entrant," said spokeswoman Lisa Altman.

"We view today's decision as business as usual," said Tom Steel, vice president of regulatory affairs at RCN, which competes with Comcast in parts of Montgomery.

RCN is the only other company that offers cable television service in Montgomery, and that is in areas representing about 10 percent of households, according to the county. Comcast is the exclusive provider in Prince George's. Under the deals approved yesterday, Verizon would roll out its television service to most of Montgomery within four years and to all of Prince George's within nine years.

Verizon's franchise agreement calls for the telecommunications giant to pay both counties 5 percent of gross revenues over the course of the 15-year deal.

Verizon has been aggressively building its FiOS service across the region, moving into the high-speed Internet and television business as traditional telephone service has dwindled. The company is offering bundled packages of high-speed cable television, Internet and phone service. Comcast has added telephone service to its video and Internet offerings.

Verizon, which has been offering FiOS phone and Internet service in Montgomery, has won approval to offer its television service in other area jurisdictions, including Fairfax, Anne

Arundel, Loudoun, Prince William and Howard counties and Arlington, Bowie, Herndon, Leesburg and Laurel.

Montgomery County Council members and sides to County Executive Douglas M. Duncan (D) heralded the agreement as a win for consumers, giving them a significant cable television option.

Council member Phil Andrews (D-Catonsville-Rockville) said competition is the "primary lever we have to improve customer service." He added, "Our constituents finally have a choice."

The company filed a federal lawsuit against the county in June, alleging that the franchise approval process violated the First Amendment and federal communications and antitrust laws. Montgomery officials said the company was trying to evade local regulation.

The county and Verizon returned to the bargaining table with the help of a mediator. The suit was to be dismissed if the council approved the agreement.

Yesterday's meetings were the last at which the agreements could have been adopted before newly elected council members are sworn in next week.

Comcast officials said the agreements mean its new competitor will be held to less-strict requirements in both jurisdictions. In Prince George's, for instance, Comcast is required to operate four offices where customers can talk about service.

After negotiations, Verizon agreed to open one office within three months or after the company signs up 50,000 customers, whichever occurs more quickly.

Comcast must also offer a \$2 discount to senior citizens in Prince George's. Verizon will not be required to offer the discount, although Christy Resp of Verizon, said seniors will pay less because of Verizon's lower prices.

"Comcast supports competition," said Karmen Bailey Walker, director of government affairs for the company in Prince George's. "Our only concern is that we face our new competitors on a level playing field, and we face our competition fairly."

For Verizon's premier television package, featuring nearly 100 digital channels, the base price will be \$39.95 a month for existing customers and new customers through mid-January, after which new customers will pay \$42.95. Comcast says its customers pay \$51 a month for 150 channels, including 8,000 "on demand" programs, most of which are free.

Bundled voice, Internet and television service will be \$105 a month from Verizon, compared with Comcast's "triple play" offering for \$99.

Verizon does not release sales figures for individual markets, but Harry Mitchell, a spokesman, said that in areas where it offers FiOS service, the penetration rate in the first three months is 7 percent and after six months is 10 percent.

Staff writer Rosalind S. Helderman contributed to this report.